

**CITY OF CHULA VISTA PROPOSAL TO IAFF  
REGARDING MEDICAL BENEFITS**

PROPOSAL #\_\_\_\_  
DATE: August 26, 2013

**IAFF PROPOSAL:**

The City submits the following regarding medical benefits:

**CONCERN:**

The City needs to be fiscally prudent and responsible with its funds. The City generally pays all costs for health care for IAFF members. Healthcare costs have increased significantly since 2006. The City has assumed all premium increases during this time period. As health care premiums continue to escalate, the City payment for the entire costs is not sustainable. Such costs should be shared with employees.

**CITY PROPOSAL:**

Article 2.15 shall now read as follows:

**ARTICLE 2.15      EMPLOYEE BENEFITS**

I. Health, Dental and Vision Insurance

Effective [Date] the City will provide the following benefits to each represented employee:

	Kaiser	Non-Kaiser HMO	Non-Kaiser PPO	Dental HMO	Dental PPO
Employee only	City pays 100% of the premium.	Employee pays \$50 per month; City pays balance of the premium.	City pays an amount equal to the City share of the Non-Kaiser HMO premium; Employee pays the balance of the premium.	City pays 100% of premium.	City pays an amount equal to the premium for the Dental HMO; Employee pays the balance of the premium.
Employee +1	City pays 85% of the premium; Employee pays the	City pays 85% of the premium; Employee pays the	City pays an amount equal to the City share of the Non-Kaiser HMO premium;	City pays 85% of the premium; Employee pays the	City pays an amount equal to the premium for the

	balance of the premium.	balance of the premium.	Employee pays the balance of the premium.	balance of premium.	Dental HMO; Employee pays the balance of the premium.
Employee +family	City pays 85% of the premium; Employee pays the balance of premium.	City pays 85% of the premium; Employee pays for the balance of premium.	City pays an amount equal to the City share of the Non-Kaiser HMO premium; Employee pays for the balance of the premium.	City pays 85% of the premium; Employee pays for the balance of premium.	City pays an amount equal to the premium for the Dental HMO; Employee pays the balance of the premium.

Represented employees who are married to another represented employee have the option of being covered as an Employee Only or as a dependent under their spouse's Employee + One or Employee + Family coverage level.

A. Enrollment:

1. [Health] Each eligible employee will be covered under the City offered health plan of their choice effective from employee's date of hire in that eligible position. Premium payments shall be as set forth in the table above. Any difference between the City's share of the health premium and the full premium cost will be paid by the employee through payroll deductions. Employees who fail to submit required benefit election forms within 30 days of the date of eligibility or during open enrollment will automatically be enrolled in the Kaiser-Employee Only plan.

2. [Dental] Represented employees will be eligible to participate in any City sponsored group dental plan effective the first of the month following the employee's date of hire. Premiums payments shall be as set forth in the table above. Any difference between the pre-paid dental plan premium and the PPO dental plan premium will be paid by the employee through payroll deductions. Employees may only change their health or dental coverage levels at open enrollment or upon a qualifying event (marriage, divorce, birth, adoption, etc.).

3. [Employee Paid Medical and Dental Premiums Taken as Pre-Tax Payroll Deductions] It is the intent of the parties that participating employees receive the maximum benefit allowable in accordance with IRS regulations. However, any tax

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consequence shall be borne solely by the employee. In those cases where the employee pays a portion of the cost, premiums will be deducted from the employee's paycheck on a pre-tax basis as allowed under Sections 125, 105, and 213 of the Internal Revenue Code. If an employee prefers to have the deductions taken on a post-tax basis, he or she must present the request for such change in writing to the Human Resources Department. If the City does not meet IRS requirements, or if IRS regulations change for any reason, this benefit may be discontinued.

4. [Vision – Optional] Represented employees will be eligible to voluntarily participate in a City sponsored group vision plan. The premium for the selected plan will be paid by the employee through payroll deductions.

5. [Insurance Coverage While on Leave of Absence Without Pay] Represented employees on leave without pay for any reason may continue, at their own expense, their group insurance coverage by paying the full cost of their premium plus a 2% administrative fee.

Upon an employee's return from leave without pay, the employee's benefits will be reinstated to the same benefit level in effect prior to the beginning of the leave without pay status, provided the employee is eligible to receive City benefits. An employee who pays for the cost of his or her insurance while on leave of absence and who returns to work prior to the 15th of the month, will not be required to pay their insurance premiums for that month.

6. [Termination of Benefits Upon Separation of Employment] An employee's coverage under the City's group medical, dental, and group term life insurance plans is effective through the last day of the month in which the employee's termination is effective. Employees may continue their coverage beyond that date, at his or her own expense, in accordance with the federal COBRA law. The cost of COBRA coverage is his or her premium cost plus a 2% administrative fee.

## II. Flexible Spending Accounts (FSAs)-Health Care and Dependent Care

Represented employees will be eligible to participate in the two Flexible Spending Account (FSA) options offered by the City. These accounts are allowed by Sections 125, 105, 129, and 213 of the Internal Revenue Code. Employees may elect to set aside a portion of their salary, on a pre-tax basis, to fund eligible health care and dependent care expenses. If the City does not meet IRS regulations, or if the IRS regulations change for any reason, this benefit may be discontinued. The employee shall solely responsible for any tax consequences.

The maximum amounts an employee may set aside are:

\$2,500 for Health Care

\$5,000 for Dependent Care

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These accounts may only be established during the Benefits Open Enrollment period or within 30 days of a qualifying change in family status as defined by the IRS.

Salary deductions will be taken 24 pay periods per year, bi-weekly except for those months with three pay periods, where deductions will only be taken two times.

Reimbursements will be made on a schedule to be determined by the City. Requests for reimbursement must be made on forms provided by the City. Any monies not used by the end of the plan year will be forfeited. Specific details of the plan are provided in the City's Summary of Benefits publication available from Human Resources.

The City reserves the right to contract with a Third Party Administrator for administration of FSAs. The City will pay the start-up costs associated with third party administration. Participating employees will pay any fees (monthly, per employee, or per transaction).

**RESULT:**

The City uses its funds in a fiscally sound and prudent manner and the employee shares in the cost of medical benefits.

[End]

